

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Pleasant Plains Township</b>	County <b>Lake</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>7/6/05</b>	Date Accountant Report Submitted to State: <b>August 25, 2005</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter &amp; Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>	City <b>Cadillac</b>	State <b>MI</b>	ZIP <b>49601</b>
Accountant Signature 		Date <b>8/25/05</b>	

**PLEASANT PLAINS TOWNSHIP, LAKE COUNTY**

**BALDWIN, MICHIGAN**

**MARCH 31, 2005**

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

MARCH 31, 2005

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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

July 6, 2005

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Pleasant Plains Township  
Lake County  
Baldwin, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Plains Township, Lake County, Baldwin, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Plains Township, Lake County, Baldwin, Michigan, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of April 1, 2004.

The management's discussion and analysis on pages iii through viii and budgetary comparison information on pages 19 and 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasant Plains Township, Lake County, Baldwin, Michigan's basic financial statements. The combining and individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

Pleasant Plains Township, a general law township located in Lake County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Pleasant Plains Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2005. In future years, comparative information will be provided.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$1,559,744. Of this amount, \$1,247,247 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,247,247 a decrease of \$78,448 in comparison with the prior year. About 32% is available for spending at the Township's discretion.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2005 for Pleasant Plains Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities)

**Fund Financial Statements**

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements the governmental funds focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

***Proprietary Funds*** – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$1,559,744 at March 31, 2005, meaning the Township's assets were greater than its liabilities by this amount. Because of GASB Statement Number 34, this is the first year that this information is presented; therefore, only one year of data is shown. A useful comparative analysis will be presented in future years when the information is available.

**Pleasant Plains Township  
Net Assets as of March 31, 2005**

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current Assets	\$ 1,393,237
Non Current Assets	
Capital Assets	820,330
Less: Accumulated Depreciation	<u>(507,833)</u>
Total Non Current Assets	<u>312,497</u>
<b>Total Assets</b>	<b><u><u>\$ 1,705,734</u></u></b>
<b>Liabilities</b>	
Current Liabilities	<u>\$ 145,990</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net Related Debt	\$ 312,497
Restricted for Specific Purposes	569,622
Unrestricted	<u>677,625</u>
<b>Total Net Assets</b>	<b><u><u>1,559,744</u></u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,705,734</u></u></b>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, and others) less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$677,625 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.



PLEASANT PLAINS TOWNSHIP, LAKE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

The total net assets of the Township decreased by \$62,033 or 4% in this fiscal year, which is an indicator that the Township experienced negative financial growth during the year.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Pleasant Plains Township  
Change in Net Assets  
for the Fiscal Year Ended March 31, 2005**

	<b><u>Governmental Activities</u></b>
<b><u>Revenues</u></b>	
<b>Program Revenues</b>	
Charges for Services	\$ 131,407
Operating Grants and Contributions	62,034
<b>General Revenues</b>	
Taxes and Assessments	277,263
State Shared Revenue	67,533
Unrestricted Investment Earnings	15,766
Other	<u>7,677</u>
<b>Total Revenues</b>	\$ <u>561,680</u>
<b><u>Expenses</u></b>	
Legislative	\$ 13,122
General Government	130,797
Public Safety	195,239
Public Works	19,194
Health and Welfare	92,143
Community and Economic Development	15,583
Culture and Recreation	130,697
Other Functions	12,762
Unallocated Depreciation	<u>14,176</u>
<b>Total Expenses</b>	\$ <u>623,713</u>
Changes in Net Assets	(62,033)
NET ASSETS – Beginning of Year	<u>1,621,777</u>
NET ASSETS – End of Year	\$ <u><u>1,559,744</u></u>

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

**Governmental Activities**

During the fiscal year ended March 31, 2005, the Township's net assets decreased by \$62,033 or approximately 4% in the governmental funds. The majority of this decrease represents the degree to which increases in ongoing expenses have outstripped similar increases in ongoing revenues. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Pleasant Plains Township comes from property taxes and special assessments. The Township levied for fire protection, cemetery operations, refuse collection, library services, roads and bridges, street lights and transportation, in addition to the operating millages, this fiscal year.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation.

The Township's governmental activities expenses are led by public safety expenses that total 31% of total expenses. The Township spent \$195,239 in fiscal year 2005 on public safety expenses. Culture and Recreation (Library) represented the next largest expense at \$161,288 followed by general governmental at \$130,797. These represent 26% and 21% respectively.

**Business-Type Activities**

The Township does not maintain any Business-Type Activities.

**Financial Analysis of the Government's Funds**

***Governmental Activities*** The focus of Pleasant Plains Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Pleasant Plains Township's governmental funds reported combined ending fund balances of \$1,247,247. Approximately 55% of this total amount (\$687,168) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for refuse must be used for expenditures that relate to refuse collection.

***Proprietary Fund*** The Township does not maintain any proprietary funds.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental activities as of March 31, 2005 amounted to \$312,497 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$1,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Pleasant Plains Township  
Capital Assets as of March 31, 2005**

	<b>Governmental Activities</b>
Land	\$ 198,600
Buildings	212,934
Land Improvements	17,330
Equipment, Furniture, Fixtures and Books	391,466
	<hr/> 820,330
Less Accumulated Depreciation	<hr/> 507,833
<b>Net Capital Assets</b>	<b><hr/>\$ 312,497<hr/></b>

Major capital asset events during the current fiscal year included the following:

- ◆ Purchase of library books for a total cost of \$29,281.

**Long-Term Debt** At the end of the current fiscal year, the Township had no long-term debt.

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2005-06 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Pleasant Plains Township at P.O. Box 239, Baldwin, MI 49304.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

STATEMENT OF NET ASSETS  
MARCH 31, 2005

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash	\$ 511,184
Investments	743,109
Receivables	
Agency Funds	36,448
Taxes	85,734
Prepaid Expenditures	3,146
Due from Other Governments	13,616
	<hr/>
Total Current Assets	1,393,237
	<hr/>
<u>CAPITAL ASSETS</u>	
Land	198,600
Buildings	212,934
Land Improvements	17,330
Equipment, Furniture, Fixtures and Books	391,466
	<hr/>
	820,330
Less Accumulated Depreciation	507,833
Net Capital Assets	312,497
	<hr/>
TOTAL ASSETS	<u><u>\$ 1,705,734</u></u>
 <u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 49,430
Payroll Withholdings	1,771
Due to Other Governments	94,789
	<hr/>
Total Current Liabilities	145,990
	<hr/>
 <u>EQUITY</u>	
Net Assets:	
Invested in Capital Assets, Net of Related Debt	312,497
Restricted for:	
Refuse	330,714
Library	123,232
Roads and Bridges	58,517
Street Lighting	46,149
Transportation	11,010
Unrestricted	677,625
	<hr/>
TOTAL NET ASSETS	<u><u>\$ 1,559,744</u></u>

The accompanying notes are an integral part of the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2005

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES					
Legislative	\$ 13,122	\$ 0	\$ 0	\$ 0	\$ (13,122)
General Government	130,797	16,697	0	0	(114,100)
Public Safety	195,239	0	0	0	(195,239)
Public Works	19,194	22,321	3,794	0	6,921
Health and Welfare	92,143	90,480	0	0	(1,663)
Community and Economic Development	15,583	692	0	0	(14,891)
Culture and Recreation	130,697	1,217	58,240	0	(71,240)
Other Functions	12,762	0	0	0	(12,762)
Unallocated Depreciation	14,176	0	0	0	(14,176)
Total	\$ 623,713	\$ 131,407	\$ 62,034	\$ 0	(430,272)

GENERAL REVENUES

Taxes and Assessments	277,263
State Shared Revenue	67,533
Unrestricted Investment Earnings	15,766
Other	7,677
Total General Revenues	368,239
Change in Net Assets	(62,033)
NET ASSETS - Beginning of Year	1,621,777
NET ASSETS - End of Year	\$ 1,559,744

The accompanying notes are an integral part of the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET  
MARCH 31, 2005

	GENERAL FUND	PUBLIC SAFETY FUND	FIRE FUND	CEMETERY FUND	REFUSE FUND	LIBRARY FUND	NONMAJOR FUNDS	TOTALS
<u>ASSETS</u>								
Cash	\$ 139,802	\$ 48,415	\$ (32,463)	\$ 74,253	\$ 189,385	\$ 37,860	\$ 53,932	\$ 511,184
Investments	208,731	(38,522)	111,711	192,989	125,975	77,729	64,496	743,109
Receivables	11,553	0	16,059	8,028	30,053	8,028	12,013	85,734
Prepaid Expenditures	2,694	0	0	0	0	452	0	3,146
Due from Other Funds	31,295	0	5,977	3,122	9,427	5,790	7,783	63,394
Due from Other Governments	10,263	0	0	0	0	3,353	0	13,616
<b>TOTAL ASSETS</b>	<b>\$ 404,338</b>	<b>\$ 9,893</b>	<b>\$ 101,284</b>	<b>\$ 278,392</b>	<b>\$ 354,840</b>	<b>\$ 133,212</b>	<b>\$ 138,224</b>	<b>\$1,420,183</b>
<u>LIABILITIES AND FUND BALANCE</u>								
<u>LIABILITIES</u>								
Accounts Payable	\$ 4,037	\$ 22,582	\$ 6,495	\$ 2,279	\$ 2,006	\$ 9,032	\$ 2,999	\$ 49,430
Payroll Withholdings	1,771	0	0	0	0	0	0	1,771
Due to Other Funds	1,098	0	0	496	22,120	496	2,736	26,946
Due to Other Governments	0	0	94,789	0	0	0	0	94,789
<b>Total Liabilities</b>	<b>6,906</b>	<b>22,582</b>	<b>101,284</b>	<b>2,775</b>	<b>24,126</b>	<b>9,528</b>	<b>5,735</b>	<b>172,936</b>
<u>FUND BALANCE</u>								
Reserved for:								
Prepaid Expenditures	2,694	0	0	0	0	452	0	3,146
Public Safety - (Deficit)	0	(12,689)	0	0	0	0	0	(12,689)
Refuse	0	0	0	0	330,714	0	0	330,714
Library	0	0	0	0	0	123,232	0	123,232
Roads and Bridges	0	0	0	0	0	0	58,517	58,517
Street Lighting	0	0	0	0	0	0	46,149	46,149
Transportation	0	0	0	0	0	0	11,010	11,010
Unreserved, Designated for:								
Cemetery	0	0	0	275,617	0	0	0	275,617
Budget Stabilization	0	0	0	0	0	0	16,711	16,711
Disaster	0	0	0	0	0	0	102	102
Undesignated	394,738	0	0	0	0	0	0	394,738
<b>Total Fund Balance</b>	<b>397,432</b>	<b>(12,689)</b>	<b>0</b>	<b>275,617</b>	<b>330,714</b>	<b>123,684</b>	<b>132,489</b>	<b>1,247,247</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 404,338</b>	<b>\$ 9,893</b>	<b>\$ 101,284</b>	<b>\$ 278,392</b>	<b>\$ 354,840</b>	<b>\$ 133,212</b>	<b>\$ 138,224</b>	<b>\$1,420,183</b>

The accompanying notes are an integral part of the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2005

Total Fund Balance for Governmental Funds	\$ 1,247,247
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	198,600	
Buildings	212,934	
Land Improvements	17,330	
Equipment, Furniture, Fixtures and Books	391,466	
Accumulated Depreciation	(507,833)	312,497

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,559,744</u>
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The accompanying notes are an integral part of the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2005

	GENERAL FUND	PUBLIC SAFETY FUND	FIRE FUND	CEMETERY FUND	REFUSE FUND	LIBRARY FUND	NONMAJOR FUNDS	TOTALS
<u>REVENUES</u>								
Taxes	\$ 69,585	\$ 0	\$ 91,896	\$ 45,814	\$ 0	\$ 46,011	\$ 23,957	\$ 277,263
Licenses and Permits	3,240	0	0	0	0	0	0	3,240
State Grants	71,327	0	0	0	0	10,100	0	81,427
Charges for Services	10,924	0	0	3,225	0	1,217	0	15,366
Fines and Forfeitures	0	0	0	0	0	48,140	0	48,140
Interest and Rents	9,287	595	138	685	2,878	1,890	293	15,766
Other Revenues	215	38	0	0	90,480	7,424	22,321	120,478
Total Revenues	164,578	633	92,034	49,724	93,358	114,782	46,571	561,680
<u>EXPENDITURES</u>								
Legislative	13,122	0	0	0	0	0	0	13,122
General Government	107,539	0	0	23,258	0	0	0	130,797
Public Safety	0	103,205	92,034	0	0	0	0	195,239
Public Works	0	0	0	0	0	0	19,194	19,194
Health and Welfare	0	0	0	0	92,143	0	0	92,143
Community and Economic Development	15,583	0	0	0	0	0	0	15,583
Culture and Recreation	0	0	0	0	0	161,288	0	161,288
Other Functions	12,762	0	0	0	0	0	0	12,762
Total Expenditures	149,006	103,205	92,034	23,258	92,143	161,288	19,194	640,128
Excess (Deficiency) of Revenues Over Expenditures	15,572	(102,572)	0	26,466	1,215	(46,506)	27,377	(78,448)

OTHER FINANCING SOURCES (USES)

The accompanying notes are an integral part of the financial statements.



PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2005

	GENERAL FUND	PUBLIC SAFETY FUND	FIRE FUND	CEMETERY FUND	REFUSE FUND	LIBRARY FUND	NONMAJOR FUNDS	TOTALS
Operating Transfers In	358	0	0	0	0	0	0	358
Operating Transfers (Out)	0	0	0	0	0	0	(358)	(358)
Total Other Financing Sources (Uses)	358	0	0	0	0	0	(358)	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	15,930	(102,572)	0	26,466	1,215	(46,506)	27,019	(78,448)
<u>FUND BALANCE</u> - Beginning of Year	381,502	89,883	0	249,151	329,499	170,190	105,470	1,325,695
<u>FUND BALANCE</u> - End of Year (Deficit)	\$ 397,432	\$ (12,689)	\$ 0	\$ 275,617	\$ 330,714	\$ 123,684	\$ 132,489	\$ 1,247,247

The accompanying notes are an integral part of the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2005

Net change in Fund Balance - Total Governmental Funds	\$ (78,448)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(14,176)
Capital Outlay	<u>30,591</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (62,033)</u></u>

The accompanying notes are an integral part of the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
MARCH 31, 2005

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$     137,660
	<u>                    </u>
<u>LIABILITIES</u>	
Due to Other Funds	\$       36,448
Due to Other Governments	<u>      101,212</u>
TOTAL LIABILITIES	<u>      \$     137,660</u>

The accompanying notes are an integral part of the financial statements.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Pleasant Plains Township is a general law township located in Lake County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

During fiscal year 2005, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Pleasant Plains Township reports the following major governmental funds:

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Public Safety Fund* accounts for revenue sources that are legally restricted to expenditures for public safety.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditures for fire protection.

The *Cemetery Fund* accounts for revenue sources that are legally restricted to expenditures for cemetery upkeep.

The *Refuse Fund* accounts for revenue sources that are legally restricted to expenditures for refuse collection.

The *Library Fund* accounts for revenue sources that are legally restricted to expenditures for library services.

Additionally Pleasant Plains Township reports the following fund types:

*Special revenue funds* are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, general fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

#### **D. Assets, Liabilities and Equity**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

(I) The Township Board has authorized the Township Treasurer to invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution with a location within the State of Michigan.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- (g) Mutual funds registered under the Investment Company Act of 1940, Title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by the Township Treasurer. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. (Recommendation--the above limitation is recommended, however, the Treasurer may also include mutual funds whose net asset value may fluctuate on a periodic basis by so stating in this area).
- (h) Investment pools organized under the Local Government Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- (i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

**2. *Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes are levied and due July 1, and become delinquent after September 14. County and school taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

The 2004 taxable valuation of the Pleasant Plains Township totaled \$47,957,701, on which ad valorem taxes levied consisted of 0.9657 mills for the Pleasant Plains Township operating purposes. Additional mills were levied as follows:

Fire	1.9315
Library	0.9657
Cemetery	0.9657
Transportation	0.1206
Roads and Bridges	0.4828

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Land Improvements	10-20
Equipment, Furniture, Fixtures and Books	5-20

Pleasant Plains Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning April 1, 2004, in accordance with the Township's capitalization policy.



PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

**5. *Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

**6. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. *Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**8. *Restatement/Reclassifications***

Beginning fund balances may have been restated for the Township funds to correctly reflect the impact of implementing GASB 34. The fund statements are now presented using the modified accrual basis of accounting.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted in March 2004, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The Township's deposits are owned by several of the Township's funds. At year-end, the carrying amount of the Township's deposits was \$1,391,953 and the bank balance was \$1,456,408. Of the Township's deposits \$500,000 was covered by Federal depository insurance, and the remaining \$956,408 was uninsured and uncollateralized.

**DEPOSITS**

The carrying amount of the Township's deposits at year-end are shown below:

Government-wide Statement of Net Assets		
Cash		\$ 511,184
Investments		743,109
Statement of Fiduciary Net Assets		<u>137,660</u>
		<u>\$ 1,391,953</u>

**B. Receivables**

Receivables as of year end for the government's individual major funds and nonmajor funds are as follows:

	General	Fire	Cemetery	Refuse	Library	Nonmajor	Total
Receivables							
Intergovernmental	\$ 10,263	\$ 0	\$ 0	\$ 0	\$ 3,353	\$ 0	\$ 13,616
Accounts	3,525	0	0	0	0	0	3,525
Taxes	8,028	16,059	8,028	30,053	8,028	12,013	82,209
	<u>\$ 21,816</u>	<u>\$ 16,059</u>	<u>\$ 8,028</u>	<u>\$ 30,053</u>	<u>\$ 11,381</u>	<u>\$ 12,013</u>	<u>\$ 99,350</u>

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nil.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

No deferred revenue was recorded in any of the funds at the end of the current fiscal year.

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 198,600	\$ 0	\$ 0	\$ 198,600
Capital assets, being depreciated				
Buildings	212,934	0	0	212,934
Land Improvements	17,330	0	0	17,330
Equipment, furniture, fixtures and books	360,875	30,591	0	391,466
Total capital assets, being depreciated	591,139	30,591	0	621,730
Less total accumulated depreciation	493,657	14,176	0	507,833
Total capital assets, being depreciated, net	97,482	16,415	0	113,897
Governmental activities capital assets, net	\$ 296,082	\$ 16,415	\$ 0	\$ 312,497

Depreciation expense was charged to functions/programs of the primary government as follows:

Unallocated	\$ 14,176
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Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2005.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at March 31, 2005, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 31,295	\$ 1,098
Special Revenue Funds		
Fire Fund	5,977	0
Cemetery Fund	3,122	496
Refuse Fund	9,427	22,120
Library Fund	5,790	496
Nonmajor Funds	7,783	2,736
Fiduciary Funds		
Current Tax Collection Fund	0	35,570
Delinquent Tax Collection Fund	0	878
	<u>\$ 63,394</u>	<u>\$ 63,394</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

No interfund transfers occurred during the fiscal year ended March 31, 2005, except for a \$358 residual balance transfer from the CDBG Fund to the General Fund.

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Long-Term Debt**

The Township had no long-term debt at March 31, 2005.

**F. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. In addition, certain portions of unreserved fund balances have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2005

FUND BALANCE/NET ASSETS

Reserved for:

Prepaid Expenditures	\$ 3,146
Public Safety – (Deficit)	(12,689)
Refuse	330,714
Library	123,232
Roads and Bridges	58,517
Street Lighting	46,149
Transportation	11,010

Designated for:

Cemetery	275,617
Budget Stabilization	16,711
Disaster	<u>102</u>

TOTAL FUND BALANCE

RESERVES AND DESIGNATIONS	\$ <u><u>852,509</u></u>
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**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions insurance and workers' compensation. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Pension Plan**

The Township has a defined contribution Pension Plan which covers the Township's elected officials. For the year ended March 31, 2005, \$1,200 was contributed to the plan.

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED MARCH 31, 2005

	GENERAL FUND				PUBLIC SAFETY FUND				FIRE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>												
Taxes	\$ 69,586	\$ 69,586	\$ 69,585	\$ (1)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,442	\$ 133,442	\$ 91,896	\$ (41,546)
Licenses and Permits	2,400	2,400	3,240	840	0	0	0	0	0	0	0	0
State Grants	64,082	64,082	71,327	7,245	0	0	0	0	0	0	0	0
Contributions from Local Units	0	0	0	0	0	0	0	0	0	0	0	0
Charges for Services	3,380	3,380	10,924	7,544	0	0	0	0	0	0	0	0
Interest and Rents	12,800	12,800	9,287	(3,513)	6,500	6,500	595	(5,905)	1,800	1,800	138	(1,662)
Other Revenues	7,300	7,300	215	(7,085)	66,810	86,810	38	(86,772)	0	0	0	0
Total Revenues	159,548	159,548	164,578	5,030	73,310	93,310	633	(92,677)	87,242	135,242	92,034	(43,208)
<b>EXPENDITURES</b>												
Legislative	15,875	12,675	13,122	(447)	0	0	0	0	0	0	0	0
General Government	111,025	122,375	107,539	14,836	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	84,080	104,080	103,205	875	83,942	133,542	92,034	41,508
Public Works	0	0	0	0	0	0	0	0	0	0	0	0
Health and Welfare	0	0	0	0	0	0	0	0	0	0	0	0
Community and Economic Development	12,540	17,040	15,583	1,457	0	0	0	0	0	0	0	0
Other Functions	20,900	13,750	12,762	988	0	0	0	0	0	0	0	0
Capital Outlay	1,500	0	0	0	0	0	0	0	0	0	0	0
Contingency	5,000	1,000	0	1,000	0	0	0	0	0	0	0	0
Total Expenditures	166,840	166,840	149,006	17,834	84,080	104,080	103,205	875	83,942	133,542	92,034	41,508
Excess (Deficiency) of Revenues Over Expenditures	(7,292)	(7,292)	15,572	22,864	(10,770)	(10,770)	(102,572)	(91,802)	3,300	1,700	0	(1,700)
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating Transfers In (Out)	0	0	358	358	0	0	0	0	0	0	0	0
Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	358	358	0	0	0	0	0	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(7,292)	(7,292)	15,930	23,222	(10,770)	(10,770)	(102,572)	(91,802)	3,300	1,700	0	(1,700)
<b>FUND BALANCE - Beginning of Year</b>	7,292	7,292	381,502	374,210	10,770	10,770	89,883	79,113	0	0	0	0
<b>FUND BALANCE - End of Year - (Deficit)</b>	\$ 0	\$ 0	\$ 397,432	\$ 397,432	\$ 0	\$ 0	\$ (12,689)	\$ (12,689)	\$ 3,300	\$ 1,700	\$ 0	\$ (1,700)

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2005

	CEMETERY FUND				REFUSE FUND				LIBRARY FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 0	\$ 0	\$ 45,814	\$ 45,814	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,000	\$ 41,000	\$ 46,011	\$ 5,011
Licenses and Permits	0	0	0	0	0	0	0	0	0	0	0	0
State Grants	0	0	0	0	0	0	0	0	5,000	5,000	10,100	5,100
Charges for Services	2,800	2,800	3,225	425	0	0	0	0	1,800	1,800	1,217	(583)
Fines and Forfeitures	0	0	0	0	0	0	0	0	45,000	45,000	48,140	3,140
Interest and Rents	2,800	2,800	685	(2,115)	6,000	6,000	2,878	(3,122)	5,000	5,000	1,890	(3,110)
Other Revenues	0	0	0	0	88,140	88,140	90,480	2,340	1,100	1,100	7,424	6,324
Total Revenues	5,600	5,600	49,724	44,124	94,140	94,140	93,358	(782)	98,900	98,900	114,782	15,882
<u>EXPENDITURES</u>												
Legislative	0	0	0	0	0	0	0	0	0	0	0	0
General Government	44,400	44,400	23,258	21,142	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0	0	0	0
Public Works	0	0	0	0	0	0	0	0	0	0	0	0
Health and Welfare	0	0	0	0	109,800	109,800	92,143	17,657	0	0	0	0
Culture and Recreation	0	0	0	0	0	0	0	0	188,350	188,350	161,288	27,062
Other Functions	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	44,400	44,400	23,258	21,142	109,800	109,800	92,143	17,657	188,350	188,350	161,288	27,062
Excess (Deficiency) of Revenues Over Expenditures	(38,800)	(38,800)	26,466	65,266	(15,660)	(15,660)	1,215	16,875	(89,450)	(89,450)	(46,506)	42,944
<u>OTHER FINANCING SOURCES (USES)</u>												
Operating Transfers In (Out)	0	0	0	0	0	0	0	0	0	0	0	0
Loan Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(38,800)	(38,800)	26,466	65,266	(15,660)	(15,660)	1,215	16,875	(89,450)	(89,450)	(46,506)	42,944
<u>FUND BALANCE</u> - Beginning of Year	38,800	38,800	249,151	210,351	15,660	15,660	329,499	313,839	89,450	89,450	170,190	80,740
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 275,617	\$ 275,617	\$ 0	\$ 0	\$ 330,714	\$ 330,714	\$ 0	\$ 0	\$ 123,684	\$ 123,684

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
MARCH 31, 2005

	ROAD AND BRIDGE FUND	STREET LIGHTING FUND	BUDGET STABILIZATION FUND	DISASTER FUND	TRANSPORTATION FUND	CDBG FUND	TOTAL
<u>ASSETS</u>							
Cash	\$ 55,737	\$ (1,913)	\$ 0	\$ 102	\$ 6	\$ 0	\$ 53,932
Investments	(2,009)	37,381	19,447	0	9,677	0	64,496
Receivables	3,213	7,797	0	0	1,003	0	12,013
Due from Other Funds	1,982	3,321	0	0	2,480	0	7,783
<b>TOTAL ASSETS</b>	<b>\$ 58,923</b>	<b>\$ 46,586</b>	<b>\$ 19,447</b>	<b>\$ 102</b>	<b>\$ 13,166</b>	<b>\$ 0</b>	<b>\$ 138,224</b>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 406	\$ 437	\$ 0	\$ 0	\$ 2,156	\$ 0	\$ 2,999
Due to Other Funds	0	0	2,736	0	0	0	2,736
<b>Total Liabilities</b>	<b>406</b>	<b>437</b>	<b>2,736</b>	<b>0</b>	<b>2,156</b>	<b>0</b>	<b>5,735</b>
<u>EQUITY</u>							
Reserved for:							
Roads and Bridges	58,517	0	0	0	0	0	58,517
Street Lighting	0	46,149	0	0	0	0	46,149
Transportation	0	0	0	0	11,010	0	11,010
Unreserved, Designated For:							
Budget Stabilization	0	0	16,711	0	0	0	16,711
Disaster	0	0	0	102	0	0	102
CDBG	0	0	0	0	0	0	0
<b>Total Equity</b>	<b>58,517</b>	<b>46,149</b>	<b>16,711</b>	<b>102</b>	<b>11,010</b>	<b>0</b>	<b>132,489</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 58,923</b>	<b>\$ 46,586</b>	<b>\$ 19,447</b>	<b>\$ 102</b>	<b>\$ 13,166</b>	<b>\$ 0</b>	<b>\$ 138,224</b>



PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2005

	ROAD AND BRIDGE FUND	STREET LIGHTING FUND	BUDGET STABILIZATION FUND	DISASTER FUND	TRANSPORTATION FUND	CDBG FUND	TOTAL
<u>REVENUES</u>							
Taxes	\$ 18,201	\$ 0	\$ 0	\$ 0	\$ 5,756	\$ 0	\$ 23,957
Interest and Rents	87	0	193	0	13	0	293
Other Revenues	0	22,321	0	0	0	0	22,321
Total Revenues	18,288	22,321	193	0	5,769	0	46,571
<u>EXPENDITURES</u>							
Public Works	3,579	11,709	0	0	3,906	0	19,194
Excess of Revenues Over (Under) Expenditures	14,709	10,612	193	0	1,863	0	27,377
<u>OTHER FINANCING SOURCES (USES)</u>							
Operating Transfers In (Out)							
General Fund	0	0	0	0	0	(358)	(358)
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	14,709	10,612	193	0	1,863	(358)	27,019
<u>FUND BALANCE - Beginning of Year</u>	43,808	35,537	16,518	102	9,147	358	105,470
<u>FUND BALANCE - End of Year</u>	\$ 58,517	\$ 46,149	\$ 16,711	\$ 102	\$ 11,010	\$ 0	\$ 132,489

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
MARCH 31, 2005

CURRENT TAX COLLECTION FUND

	BALANCE		BALANCE	
	4/1/2004	ADDITIONS	DEDUCTIONS	3/31/2005
<u>ASSETS</u>				
Cash	\$ 502,984	\$ 3,956,869	\$ 4,326,663	\$ 133,190
<u>LIABILITIES</u>				
Due to Other Funds	\$ 108,458	\$ 312,500	\$ 385,388	\$ 35,570
Due to Other Organizations and Individuals	0	3,057	3,057	0
Due to Other Governments	394,526	1,414,193	1,711,099	97,620
Total Liabilities	\$ 502,984	\$ 1,729,750	\$ 2,099,544	\$ 133,190

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
MARCH 31, 2005

DELINQUENT TAX COLLECTION FUND

	BALANCE		BALANCE	
	4/1/2004	ADDITIONS	DEDUCTIONS	3/31/2005
<u>ASSETS</u>				
Cash	\$ 7,770	\$ 5,448	\$ 8,748	\$ 4,470
<u>LIABILITIES</u>				
Due to Other Funds	\$ 1,787	\$ 1,070	\$ 1,979	\$ 878
Due to Other Governments	5,983	4,378	6,769	3,592
Total Liabilities	\$ 7,770	\$ 5,448	\$ 8,748	\$ 4,470

PLEASANT PLAINS TOWNSHIP, LAKE COUNTY  
BALDWIN, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
MARCH 31, 2005

TOTALS - ALL AGENCY FUNDS

	BALANCE		BALANCE	
	4/1/2004	ADDITIONS	DEDUCTIONS	3/31/2005
<u>ASSETS</u>				
Cash	\$ 510,754	\$ 3,962,317	\$ 4,335,411	\$ 137,660
<u>LIABILITIES</u>				
Due to Other Funds	\$ 110,245	\$ 313,570	\$ 387,367	\$ 36,448
Due to Other Organizations and Individuals	0	3,057	3,057	0
Due to Other Governments	400,509	1,418,571	1,717,868	101,212
Total Liabilities	\$ 510,754	\$ 1,735,198	\$ 2,108,292	\$ 137,660

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1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

July 6, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Pleasant Plains Township  
Lake County  
Baldwin, Michigan

During the course of our audit of the financial statements of Pleasant Plains Township for the year ended March 31, 2005, we noted the following items:

Payroll Net Check Posting

While posting payroll expense to the proper expenditure accounts, the Township should charge the gross wage to each expense account and record the payroll tax withholding on the balance sheet.

Budgeting

The Township should amend its budget before it incurs expenditures in excess of appropriation. For example the final budget should be amended before year end to be in compliance with P.A. 621. Also, the Township is currently budgeting the amount of fund balance necessary to balance the budget, which is fine, but the Township should also budget its estimated beginning and ending fund balance in total as a part of the budget document.

Library Employee Benefits

The Township is in the process of reviewing benefits paid to library employees to make sure those benefits conform to all applicable laws and regulations.

Deficit Fund Balance

The Public Safety Fund did not levy a millage this year, and as a result ended the year with a deficit fund balance. The Township must file a deficit reduction plan with the State Department of Treasury informing the State how and when the Township will correct this problem.

### Pension Plan

The Township should review the terms of its pension plan to ensure all employees who are eligible for a contribution have had a contribution made on their behalf by the Township, since some positions have changed during the past fiscal year.

### Cash Not Reconciled

Certain accounts within the Township were not entirely reconciled to the bank and books during the year. The Michigan Department of Treasury Account Procedures Manual requires that this be done on a monthly basis, and that the Clerk and Treasurer reconcile to each other at least monthly. Setting up separate bank accounts for each fund, as well as better communication between the Clerk and Treasurer will help correct this problem.

### Balance between Funds

Throughout the year, balances were owed from certain funds to other funds. To simplify the recordkeeping, we recommend that these balances be cleared out monthly by one fund actually writing a check to another fund.

### Balance in Tax Collection Fund

At year end, a balance existed in the Tax Collection Fund. All monies collected by this fund should be timely paid out in accordance with state law.

### Earnings on Investments

The Township has a substantial amount of fund balance which could be invested in investments which may earn a higher rate than the Township is currently receiving.

### GASB 34

These financial statements are reported under the new GASB 34 accounting standard and are much different than in the past.

Some of the more significant changes required by GASB 34 are as follows:

1. Management's discussion and analysis is a new section in the financial report. This includes the administration's narrative overview of the information contained in the financial statements.
2. Several new types of financial statements are now included that reports financial information on a Township-wide basis and incorporates capital assets, a provision for depreciation on those assets as well as long-term liabilities of the Township.

We recommend the Township carefully review these statements under the new accounting standard. We are available to explain the various changes in detail if so desired.

We would like to thank the board for awarding our firm the audit assignment of the Township and to thank the Township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

July 6, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Pleasant Plains Township  
Lake County  
Baldwin, Michigan

In planning and performing our audit of the financial statements of Pleasant Plains Township, Lake County, Baldwin, Michigan for the year ended March 31, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.



This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*